Regulation (39-) 26-718.1(a).

There is no sales tax on articles sold to charitable organizations in the conduct of their regular charitable functions and activities. To determine whether an organization qualifies for the exemption and so that the department may issue an exemption certificate, the following information must be submitted to the department by the organization:

- (1) A copy of the organization's federal exemption letter;
- (2) The organization's financial statement showing the source of funds and its expenditures.

A charitable organization which makes repeated sales of tangible personal property to the public and otherwise meets the definition of a retailer must have a sales tax license and collect and remit tax in the same manner as any other retailer. The fact that the merchandise sold may have been acquired by gift or donation, or that the proceeds are to be used for charitable purposes, does not make the sales exempt from tax.

Whenever a charitable organization, not holding a Colorado store or sales tax license, purchases tangible personal property (such as cards, cookies, candies, food, religious articles, etc.) which is to be transferred to anyone else for personal use and all or part of the price of the goods is recouped from the user through direct payment, donation or games of chance, the organization's exempt status does not apply and sales tax must be paid to the vendor by the exempt organization. If such purchases are made outside Colorado or in Colorado without payment of Colorado sales tax, the tax must be paid directly to the state by the organization.

An exempt organization without a Colorado sales tax license and which only occasionally makes retail sales of tangible personal property for fund raising purposes may elect to pay Colorado sales tax to the supplier of such tangible personal property or, if the supplier is not licensed to collect Colorado sales tax, may elect to pay use tax directly to the department. After either election, the exempt organization may make such occasional retail sales without collecting sales tax.

Purchases by a nonprofit organization or association are subject to the tax if they are not charitable organizations.

(3) Effective July 1, 2001, bingo equipment sales to non profit bingo-raffle licensee organizations are exempt, see subsection (24) of this section.